













3RD QUARTERLY REPORT 2022

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Satisfactory position and increased expectations for core earnings for the year.

	30/9 2022	Profit before tax of DKK 121.8 million, compared to DKK 149.1 million as of 30/9/2021
	RETURN IN EQUITY	Opening equity yielded interest of 13% p.a. before tax.
	CORE EARNINGS	Core earnings increased by 29.0 % to DKK 169.1 million
	VALUE ADJUSTMENTS	Exchange rate adjustments of DKK –43.5 million compared with DKK +12.5 million as of 30/9/2021
	NET INTEREST AND FEE INCOME	Net interest and fee income increased by 18.5 % to DKK 335.1 million
	IMPAIRMENT	Positive impairment of DKK 2.8 million compared with DKK 10.0 million as of 30/9/2021. The management estimate increased by DKK 10.0 million to DKK 60 million.
	LENDING	Lending growth of 15.2 % to DKK 5,436 million and 19.1 % since 30/9/2021.
	CAPITAL	Capital ratio of 21.5 % and core capital ratio of 19.8 % Solvency requirement is 9.8%
	CORE EARNINGS EXPECTATIONS	Expectations for core earnings for 2022 as a whole adjusted upwards to the range DKK 210 – 225 million from a range of DKK 190 – 210 million.
	CORE EARNINGS EXPECTATIONS	Profit before tax for 2022 as a whole is expected to be unchanged in the range DKK 175 – 205 million

5 YEARS IN SUMMARY

1,000 DKK						YEAR
	2022	2021	2020	2019	2018	2021
PROFIT AND LOSS ACCOUNT						
Net income from interest	177.213	153.147	142.900	138.574	138.609	205.575
Div. on shares and other holdings	1.326	2.479	2.038	5.787	3.397	2.657
Charges and commissions (net)	156.581	127.271	114.725	105.889	88.028	172.738
Net inc. from int. & charges	335.120	282.897	259.663	250.250	230.034	380.970
Value adjustments	-43.462	12.547	16.511	36.793	72.585	20.181
Other ordinary income	1.475	2.841	1.538	1.352	989	3.487
Staff costs and administrative expenses	169.528	154.737	141.956	140.705	127.793	207.517
Depreciation of intangible and tangible assets	4.071	4.009	3.544	2.295	2.295	7.337
Other operating expenses	477	480	194	112	52	480
Write-downs on loans etc. (net)	-2.765	-10.041	31.923	11.202	13.939	-15.227
Operating profit	121.822	149.100	100.095	134.081	159.529	204.531
Taxes	25.836	32.802	15.460	24.878	20.438	41.230
Profit for the period	95.986	116.298	84.635	109.203	139.091	163.301
Of which are holders of shares of hybrid core capital instruments etc.	3.867	3.867	4.707	4.707	4.707	5.289
BALANCE SHEET AS PER JUNI 30TH						
summary						
Total assets	10.570.376	9.492.051	8.819.796	7.332.658	6.596.150	9.978.498
Loans and other debtors	5.436.343	4.563.293	4.258.988	4.289.001	4.245.526	4.719.737
Guarantees etc.	2.373.091	2.712.516	2.553.613	2.262.047	1.335.451	2.690.680
Bonds	802.179	977.274	882.716	1.043.597	1.034.147	941.900
Shares etc.	228.642	203.078	194.652	209.928	250.872	208.217
Deposits	7.302.950	6.499.271	6.271.667	5.772.673	5.293.337	7.027.670
Subordinated cap. investments	98.710	98.209	97.709	99.209	99.917	98.334
Capital funds	1.309.110	1.200.067	1.077.215	1.002.122	925.150	1.247.077
Dividends						28.920
Capital Base	1.268.181	1.179.826	1.067.258	975.788	923.911	1.262.458
Total weighted items	5.896.540	5.495.891	5.267.200	5.484.325	5.077.414	5.683.653
CORE EARNINGS						
Core income	343.161	290.344	264.468	255.107	234.421	390.911
Total costs etc.	-174.076	-159.226	-145.694	-143.112	-130.140	-215.334
Core earnings	169.085	131.118	118.774	111.995	104.281	175.577

FINANCIAL RATIOS - 30TH SEPTEMBER

Figures in pct.	2022	2021	2020	2019	2018
Solvency ratio	21,5	21,5	20,3	17,8	18,2
Core capital ratio	19,8	19,7	18,4	16,0	16,2
Return on own funds before tax*	9,7	13,3	9,6	14,3	19,1
Return on own funds after tax*	7,6	10,3	8,1	11,6	16,6
Earning/expense ratio in DKK	1,71	2,00	1,56	1,87	2,11
Interest rate risk	0,9	1,2	1,1	1,8	1,6
Foreign currency position	0,1	0,4	0,2	0,3	0,1
Foreign currency risk	0,0	0,0	0,0	0,0	0,0
Advances against deposits	64,2	62,5	63,5	80,2	86,8
NSFR	1,25	-	-	-	-
LCR	322	279	307	282	236
Total large commitments	116,3	126,1	130	137	142
Accumulated impairment ratio	3,5	4,0	4,9	5,2	6,0
Impairment ratio for the period	-0,1	-0,1	0,4	0,2	0,2
Increase in loans etc. for the period	15,2	8,0	-1,5	-1,6	8,2
Ratio between loans etc. and capital funds	4,2	3,8	4,0	4,3	4,6
(value pr share 100 DKK)					
Earnings per share (result period)*	47,8	58,3	41,5	54,2	69,7
Book value pr share*	648	592	528	490	449
Market value/earning per share	10,8	7,9	7,4	5,5	4,7
Market value/book value*	0,79	0,78	0,58	0,61	0,73
(value pr share 20 DKK)					
Earnings per share (result period)*	9,6	11,7	8,3	10,8	13,9
Book value pr share*	130	118	106	98	90
Market value	103,0	92,6	61,0	59,8	65,4

*) Financial ratios are calculated as if the hybrid core capital were treated as an obligation for accounting purposes, whereby the financial ratios are calculated based on the shareholders' share of profit and equity. The shareholders' share of profit and equity is shown in the Statement of Changes in Equity.

QUARTERLY OVERVIEWS

1,000 DKK	3Q 2022	2Q 2022	1Q 2022	4Q 2021	3Q 2021
PROFIT AND LOSS ACCOUNT					
Net income from interest	62.631	58.839	55.743	52.428	51.405
Div. on shares and other holdings	50	1.173	103	178	109
Charges and commissions (net)	48.865	52.238	55.478	45.467	39.873
Net inc. from int. & charges	111.546	112.250	111.324	98.073	91.387
Value adjustments	-9.808	-19.868	-13.786	7.634	3.594
Other ordinary income	510	496	469	646	1.845
Staff costs and administrative expenses	58.459	58.688	52.381	52.780	53.271
Depreciation of intangible and tangible assets	1.357	1.357	1.357	3.328	1.336
Other operating expenses	0	477	0	0	0
Write-downs on loans etc. (net)	758	-3.296	-227	-5.186	-273
Operating profit	41.674	35.652	44.496	55.431	42.492
Taxes	9.168	7.844	8.824	8.428	9.348
Profit for the period	32.506	27.808	35.672	47.003	33.144
Of which are holders of shares of hybrid core capital instruments etc.	1.289	1.289	1.289	1.422	1.289
BALANCE					
Loans and other debts	5.436.343	5.252.989	4.952.369	4.719.737	4.563.293
Totalkredit	13.455.410	13.375.000	13.080.694	12.649.320	12.214.000
DLR	4.695.323	4.747.545	4.518.443	4.334.961	4.159.187
Indlån	7.302.950	7.260.609	6.734.641	7.027.670	6.499.271
Deposits in pooled schemes	1.583.501	1.575.626	1.524.021	1.306.663	1.253.895
Subordinated cap. investments	98.710	98.585	98.460	98.334	98.209
Customer depots	3.832.656	4.327.734	4.216.307	4.331.092	4.142.806
Equity	1.309.110	1.279.158	1.255.290	1.247.077	1.200.067
Total assets	10.570.376	10.653.001	10.007.737	9.978.498	9.492.051
Guarantees etc.	2.373.091	2.895.000	3.036.753	2.690.680	2.712.516
CORE EARNINGS					
Core income	114.430	114.633	114.098	100.567	94.909
Total costs	-59.816	-60.522	-53.738	-56.108	-54.607
Core earnings	54.614	54.111	60.360	44.459	40.302

MANAGEMENT'S REPORT

The core earnings improved considerably during the period with an increase of DKK 37.9 million, or 29.0 %, to DKK 169.1 million compared with DKK 131.1 million as of 30 September 2021. This figure represents what is clearly the best core earnings for the period in the Bank's history, which is extremely satisfactory.

Expectations for core earnings for the year as a whole adjusted upwards to the range DKK 210 – 225 million from a range of DKK 190 – 210 million.

The improvement in core earnings is down to solid development in all business areas following a very high level of activity, major customer growth and increased volume with all product types.

The rise in interest rates and the general turmoil on the markets, including the bond markets, have had a negative impact on price adjustments, which have been implemented at a cost of DKK 43.5 million compared with an income in the first half of 2021 of DKK 12.5 million.

The profit before tax was DKK 121.8 million compared with DKK 149.1 million in 2021, which despite the decline of DKK 27.2 million is regarded as satisfactory considering the negative difference in exchange rate adjustments totalling DKK 56.0 million compared to 30 September 2021.

It is extremely satisfactory that the expectation for the profit before tax for the year can be maintained in the range of DKK 175 – 205 million despite negative exchange rate adjustments of DKK 43.5 million.

The high activity level has resulted in increasing net interest and fee income, which has increased by DKK 52.2 million or 18.5 % compared to 30 September 2021. Impairment was realised with a small income of DKK 2.8 million and as of 30 September 2022, the management estimate of DKK 10 million increased to a total of DKK 60 million.

The costs for staff and administration have increased by DKK 14.8 million or 9.6 %, primarily as a result of an increased number of employees and rising costs for IT. The increase in the number of employees is in line with the bank's strategic objective of growing organically, which has meant, among other things, the establishment of 2 new departments at the end of 2021.

Impairment

Impairment was realised with an income of DKK 2.8 million compared with an income of DKK 10.0 million as of 30 September 2021.

The credit quality of the Bank's lending and guarantee portfolio is solid and increasing, but the future uncertainty around the development in society is high, so the management estimate has increased from DKK 50

million to DKK 60 million.

Factors such as the war in Ukraine, historically high inflation, significantly increased interest rates, and dramatically rising energy prices raise give rise to general concern for both businesses and private households.

The Bank is in close dialogue with all business customers, and it is positive that the aforementioned negative factors have so far not had a significant impact on the credit quality of the business portfolio. However, it is to be expected that the increased risk factors will lead to certain sectors being affected in the near future. Therefore, the Bank has been extraordinarily cautious in calculating the risks in the business segments.

Parts of the private customer segment are naturally affected by especially the high energy prices and high inflation, which have led to greatly increased prices for general consumption.

The Bank wants and seeks dialogue with the private customers who are assessed to be challenged in maintaining balance in their finances so that the challenges can be identified and solutions found where possible.

It is generally the Bank's policy to go as far as possible to help challenged business and private customers through non-permanent difficulties.

Lending growth

The demand for loans has been increasing in 2022 and lending during the first 9 months has increased by DKK 716.6 million or 15.2%. Compared to 30 September 2021, lending increased by DKK 873.1 million or 19.1 %. There is a significant influx of new customers, but the increase in lending is primarily due to increased demand for loans and utilisation of granted credit facilities from existing customers, in part as a result of repayment of COVID-19 loans and deferred tax and VAT payments.

For the year as a whole, an increase in lending is expected at the level of 15-18 %, which is considered satisfactory.

The Bank's guarantees remain at a high level, but were reduced to DKK 2,373 million as of 30 September 2022 compared with DKK 2,691 million at the end of 2021.

The industry breakdown for lending and guarantees is shown in the table on the next page.

LOANS AND GUARANTEES DISTRIBUTED ON SECTORS

	30.09.2022	31.12.2021	30.09.2021
Public authorities	0,0%	0,0%	0,0%
Agriculture, hunting, forestry & fishing	10,1%	9,9%	10,5%
Plant production	1,6%	1,3%	1,4%
Cattle farming	5,7%	5,7%	6,0%
Pig farming	1,2%	1,0%	1,0%
Mink production	0,5%	0,7%	0,9%
Other agriculture	1,2%	1,2%	1,2%
Industry and mining	4,0%	3,8%	3,9%
Energy	1,2%	1,3%	1,6%
Building and constructions	7,7%	6,8%	6,5%
Wholesale	7,6%	6,7%	5,4%
Transport, hotels and restaurants	1,2%	1,8%	1,2%
Information and communication	0,2%	0,2%	0,2%
Financial and insurance business	6,1%	4,9%	4,7%
Real-estate	10,1%	9,5%	11,3%
Other business	4,4%	3,8%	3,7%
Private	47,4%	51,3%	51,0%

The proportion of loans and guarantees to private customers was reduced by 3.9 percentage points in 2022 and is 47.4%. The decline is due to decreasing activity with the purchase and sale of all-year homes and holiday homes as well as less restructuring of mortgages at the turn of the quarter. The current 47.4 % is satisfactory compared to the Bank's objective of a 50 % share of private customers. It has been strategically decided that the exposure to individual business segments must not exceed 15 %. Exposure to the 2 largest business segments, agriculture and real estate, is 10.1 % for both.

The bank's overall credit provision has increased satisfactorily by approximately DKK 2.6 billion in the past year. There is an increase in activity in both the bank's lending and the arrangement of mortgage credit via Totalkredit and DLR Kredit.

The Bank offers financial leasing to business customers via Skjern Bank Leasing. The development is satisfactory and there are about 500 active leases as of 30 September 2022, with a residual lease debt of DKK 184 million.

Liquidity

The LCR key ratio is 322 %, which is in line with the Bank's strategy of maintaining a solid liquidity surplus based on stable customer deposits. The surplus in relation to the Bank's internal target of having a minimum LCR of 225 % is a solid DKK 871 million.

CAPITAL CONDITIONS AND DIVIDEND POLICY

The risk-weighted items increased by 3.7 % in 2022 to DKK 5,896.5 million a result of growth in lending. The capital base is calculated at DKK 1,268.1 million and the capital ratio is thus 21.5 %, which was also the capital ratio as of 30 September 2021. The core capital ratio increased to 19.8 % compared to 19.7 % as of 30 September 2021. The Bank has not recognised the profit after tax of DKK 32.5 million for Q3.

The individual solvency requirement is calculated at 9.8%, and the bank thus has a solvency coverage relative to the solvency requirements of 11.7 %. Compared with the capital base of DKK 1,268.1 million, there was a surplus of DKK 690 million at the end of Q3 2022.

Relative to the necessary capital, expressed as the Bank's calculated solvency requirements plus the phased-in capital conservation buffer of 2.5%, the phased-in cyclical buffer of 1 % and the phased-in NEP supplement of 3.7 %, the coverage can be calculated at 4.5 percentage points, corresponding to a solvency coverage of DKK 265.3 million.

If the profit for Q3 2022 were reviewed by the Bank's external auditor, and this did not give rise to changes to the estimated profit, the capital ratio could be calculated at 22.1 % and the core capital ratio at 20.4 %. The reserves relative to the necessary capital could thus be calculated at 5.1 percentage points, corresponding to a solvency coverage of approximately DKK 300.7 million.

The actual core capital is 19.8%, thus fully covering the capital requirement calculated at 17 percentage points, which is comprised of the individual solvency requirement of 9.8 % plus the capital conservation buffer of 2.5% points, the cyclical buffer of 1 percentage point and NEP claims of 3.7 percentage points.

The bank continues to focus on maintaining a solid base to ensure the continued development of the bank's activities and implementation of current and future regulatory capital requirements.

The continued desire is that capital base will be primarily based on actual core capital, but raising foreign capital could also be included in the capital structure if conditions are deemed favourable and it is deemed appropriate.

In Q4, the Bank's Board of Directors will make the initial assessment of dividends for the financial year 2022, cf. the dividend policy.

The bank's capital goals and dividend policy are unchanged:

Capital goals

It is the Bank's goal to be well capitalised to ensure the Bank's strategic goals and also to accommodate

regulatory requirements in future recessions. The management will continuously assess the adequacy of the capital base, including the distribution between equity and foreign capital, to ensure the optimal distribution between returns to shareholders and sufficient increase of the Bank's actual core capital.

Dividend policies

In light of the Bank's capital goals, the Bank wants to be stable in payments of dividends. The goal is for distribution, either as share buy-backs or cash distributions, to amount to 30-50 % of the annual profit after tax, which exceeds a return on equity of 6 %.

It is the bank's assessment that the adopted dividend policy satisfactorily accommodates the bank's shareholders and simultaneously ensures the necessary strengthening of the capital base for the phasing in of future capital requirements.

THE BANK'S IMPORTANT STAKEHOLDERS

The Bank considers the cooperation with and involvement of the Bank's many stakeholders to be crucial to the running of a well-functioning local bank. The Bank believes that stakeholders' interests closely coincide.

Shareholders

The management recognises the importance of a stable and loyal shareholder community and, taking into account the bank's capital adequacy, aims to give them competitive returns on their investment. The shareholders' loyalty and continued backing, from small shareholders to major professional investors, is extremely important to the continued development of the bank.

Customers

The bank is pleased to note that the private customer business is growing rapidly and that the bank is being chosen by new customers from most of the country, primarily on the recommendation of existing customers. The corporate client business is also in solid development with a focus on small and medium-sized business customers in the bank's local areas.

For all of the bank's customers, it is our experience that it is the close personal familiarity between the customer and the advisor that is crucial to choosing Skjern Bank. This combined with solid advice, living up to the bank's key values and the electronic options, such as online meetings and mobile banking, make daily life work smoothly and flexibly.

Employees

The bank currently employs 193 employees, which is an increase of 13 employees in the last year. All



employees are offered employment terms that conform to the market as well as relevant training and continuing education in order to always ensure a high level of professionalism.

Employee job satisfaction is important to the bank, and there are annual measurements of the development in employee job satisfaction. It is a strategic goal to have employees who find the bank to be a good workplace, which is considered crucial for the bank to have significant interest from qualified applicants for vacant positions.

Local communities

The bank's goal is to play an important role in all of the bank's local communities, both as a partner for the many business owners, but of course also for the local population in general. It is important for the bank to back local initiatives and the bank helps a great number of businesses – entrepreneurs and existing customers - with counselling and financing, so that ideas and investment goals have the best chance of being realised.

The bank is also a partner for many local community associations and organisations and supports both sports and culture and associations in general. The bank's commitment to and support for local communities is largely based on reciprocity, such that financial backing of any size is given in anticipation of and is subject to the bank being rewarded with customer referrals and a generally positive attitude towards the bank.

The foundation of Skjern Bank is the many shareholders, customers, employees and the local community. The bank is aware that all stakeholders play an important role both now and in the future and the bank views it as an important community role to encourage the many stakeholders to work together for the benefit of both the stakeholders and the bank.

ESG REPORTING

The bank supports the green transition and the initiatives taken in various ways in Denmark, the EU and the rest of the world. Like other parts of the financial sector, the business community and society in general, the bank is making good progress in the development of new initiatives and general reporting in the area and is transitioning to a more sustainable utilisation of resources.

The bank's efforts are based on the UN's Global Goals for sustainable development and the bank's also works actively with the recommendations from Forum for Bæredygtig Finans (the Forum for Sustainable Finance). The bank has published its ESG report in connection with the publication of the Annual Report for

2021, which describes the work on activities that promote sustainability, both for the bank and its customers. The ESG report also constitutes the bank's report on corporate social responsibility and can be found on the bank's website. For several years, the bank has been working to reduce energy consumption through energy reduction measures, and its own consumption of electricity is Co2-neutral through the purchase of power from Danish wind turbines. The bank also supports climate measures in third world countries.

The customers are offered investment products as well as pension investments that actively support sustainable development. Similarly, customers can obtain attractive financing for energy-improvement measures on properties or purchase of an electric or plug-in hybrid car.

NET INTEREST INCOME

Interest income increased by DKK 25.9 million, corresponding to 15.6 %. Interest expenses amounted to DKK 14.3 million and increased by DKK 1.8 million as a result of increasing interest for customer deposits. Net interest income during the period increased by DKK 24.1 million to DKK 177.2 million, corresponding to 15.7 %.

In the coming quarters, the interest rate increases in Denmark's National bank will lead to the interest income on lending increasing, while interest expenses for deposits will increase, and there will thus no longer be income on interest for deposits. Overall, increased net interest income is expected.

NET FEE AND COMMISSION INCOME

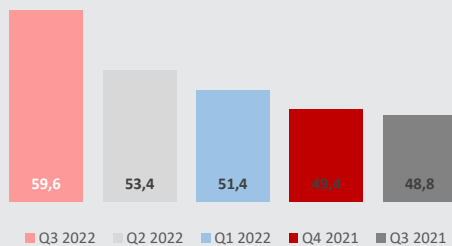
Net income from fees and commissions amounted to DKK 156.6 million, compared to DKK 127.2 million in 2021, and thus increased by a very satisfactory DKK 29.3 million. The high activity in the area of loans, with increased overall mediation as a result, has led to an increase in income of DKK 8.5 million. DKK in loan fees. Guarantee provisions increased by DKK 4.1 million, and income from securities trading and custody accounts increased by DKK 6.2 million, while payment services, other fees and fees paid increased by a total of DKK 9.9 million.

Dividends of DKK 1.3 million were realised, which is DKK 1.1 million higher than last year.

NET INTEREST AND FEE INCOME

Net interest and fee income increased by DKK 52.2 million, corresponding to 18.5 %, and amounts to DKK 335.1 million.

Interest income
Million DKK



EXCHANGE RATE ADJUSTMENTS

The total exchange rate adjustments were negative by DKK 43.5 million, compared with positive exchange rate adjustments of DKK 12.5 million as of 30 September 2021.

The exchange rate adjustments were divided into DKK -42.1 million in the bond portfolio and DKK -8.3 million in the shareholdings, of which sectoral shares comprise capital gains of DKK 5.9 million and shares in the trading portfolio constitute a capital loss of DKK 14.2 million. In addition, satisfactory income of DKK 7.0 million has been achieved on currency and derivative financial instruments.

The Bank's strategy in the securities area is structurally cautious and the significant negative exchange rate adjustments during the period did not lead to changes in the overall strategy.

EXPENSES

Costs for personnel and administration etc. were DKK 14.8 million higher than the same period last year and amount to DKK 169.5 million. With the establishment of 2 additional departments at the end of 2021, the Bank has strategically increased the level of costs to ensure future income generation, and the increase in costs is in line with the budget.

Personnel expenses increased by DKK 2.7 million compared to 30 September 2021. As of 30 September 2021, the bank accrued an expense of DKK 7.6 million to comply with changes in holiday pay owed as a result of the entry into force of the new Holidays Act. Thus, the real increase in personnel costs is DKK 10.2 million, as a result of more employees and general salary increases.

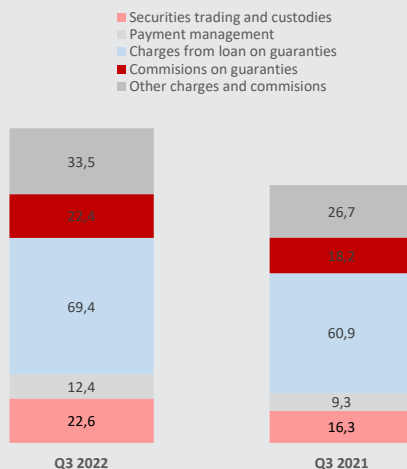
Administration costs increased by DKK 12.1 million, distributed between IT expenses, marketing and other administrative costs.

PROFIT FOR THE PERIOD

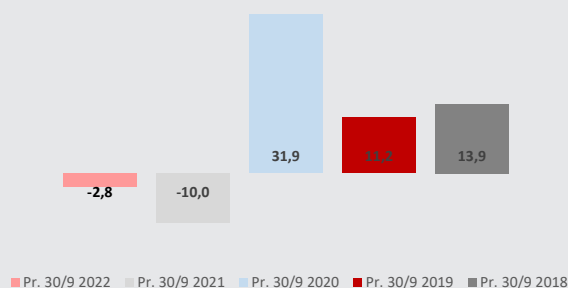
Profit before tax amounted to DKK 121.8 million compared with DKK 149.1 million as of 30 September 2021. After taxes, profit for the period amounted to DKK 95.9 million. Despite a satisfactory development, profit before tax was reduced by DKK 27.3 million, which is due to negative exchange rate adjustments of DKK 43.5 million compared with positive exchange rate adjustments of DKK 12.5 million during the same period in 2021.

Despite this, the result is assessed as satisfactory, as there has been an increase in net interest and fee

Charges and commissions receivable
Million DKK



Write-downs on loans etc.
Million DKK



income, as well as a significant increased distribution of third-party products, such as mortgages, insurance, investment and pension products.

Core earnings of DKK 169.1 million were realised, which is DKK 37.9 million higher than 30 September 2021:

CORE EARNINGS 1 JANUARY - 30 SEPTEMBER

Beløb i 1.000 kr.	1.1-31.12		
	2022	2021	2021
Net income from interest	177.213	153.147	205.575
Net charges and commission	156.581	127.271	172.738
Dividend on shares and other holdings	1.326	2.479	2.657
Foreign currency value adjustments*	6.566	4.606	6.454
Other ordinary income	1.475	2.841	3.487
Core income	343.161	290.344	390.911
Staff costs and administrative expenses	169.528	154.737	207.517
Depreciation and write-downs on intangible and tangible assets	4.071	4.009	7.337
Other operating expenses	477	480	480
Costs	174.076	159.226	215.334
Core earnings	169.085	131.118	175.577
Write-downs	2.765	10.041	15.227
Value adjustments*	-50.028	7.941	13.727
Result before tax	121.822	149.100	204.531
Tax	25.836	32.802	41.230
Net-result for the financial year	95.986	116.298	163.301

*) Foreign currency value adjustments and value adjustments specificeres i noten "Value adjustments" on page 25.

MAJOR SHAREHOLDERS

The Bank has 3 major shareholders: Investeringsselskabet af 15. maj (AP Pension Livsforsikringsaktieselskab, København Ø.), which as of the most recent ownership report held 20.75 % of the shares in Skjern Bank and 5.0 % of the voting rights, EURO STEEL 1988 APS, which as of the most recent ownership report held 5.15 % of the shares in Skjern Bank and 5.0 % of the voting rights and Kim Pedersen both personally and via his wholly-owned and controlled company Immoinvest.dk ApS, which as of the most recent ownership report held 5.0 % of the shares in Skjern Bank and 5.0 % of the voting rights.

LIQUIDITY

Customer deposits amount to DKK 7,303 million, of which DKK 6,764 million is covered by the Danish Deposit Guarantee Scheme. The deposits are considered stable, since most of them come from core customer relationships.

The liquidity coverage ratio shows how the bank is able to meet its payment obligations for an upcoming 30-day period without access to market funding. All financial institutions must have a coverage of at least 100% and the bank has a goal of at least 225 %. The bank meets the requirement as well as its own objective of a liquidity coverage ratio of 322 % as of 30 September 2022, which is considered a solid and appropriate level.

SKJERN BANK SHARES

The bank is owned by 14,737 shareholders. The share price was 103.0 on 30 September 2022, compared with 103.5 at the beginning of the year. The market price amounts to DKK 992.9 million, corresponding to a rate / intrinsic value of 0.79.

EXPECTATIONS

For the year as a whole, expectations for core earnings have increased from the range of DKK 190 – 210 million to the range of DKK 210 – 225 million and the profit before tax is expected to remain unchanged in the range of DKK 175 – 205 million.

“THE SUPERVISORY DIAMOND”

The Danish Financial Supervisory Authority’s mandatory Supervisory Diamond specifies four indicators for banking activities with increased risk.

The Bank’s status on the individual benchmarks as at 30 September 2022 is set out below. Skjern Bank complies with all limit values and has not exceeded any of the limit values at any time during the Supervisory Diamond’s existence.

Liquidity reserve (minimum 100 %):

The liquidity reserve is reduced, but still sufficient and amounts to 322 % as of 30 September 2022 compared to 353 % as of 31 December 2021.

Property exposure (maximum 25 percent):
Property exposure is 13.1 %, compared with 11.5 % at the end of 2021.

Large exposures (maximum of 175 per cent):
Large exposures are defined as the total of the bank's 20 largest exposures compared to the actual core capital and the financial ratio was 116.3 %, compared with 114.4% at the end of 2021.

Property exposure (maximum 20 percent):
The bank has realised a growth in lending of 19.1 % as of 30 September 2022 compared with an increase in lending of 11.7% at the end of 2021.

TRANSACTIONS WITH RELATED PARTIES

There have not been major transactions between Skjern Bank and the Bank's related parties during the quarter.

LITIGATION

The Bank is involved in disputes and litigation as part of its normal operations. The Bank's risk in these cases is regularly assessed by the Bank's lawyers and management. Provisions are made based on an assessment of risk of loss.

CONTRIBUTION TO THE SETTLEMENT FUND

The Bank's annual contribution to the Settlement Fund amounts to DKK 0.4 million and was paid during Q2 2022.

ACCOUNTING POLICIES USED

The quarterly report was prepared in accordance with the Danish Financial Business Act, including the Danish Financial Supervisory Authority's Executive Order on financial reports for credit institutions and investment companies, etc. and additional Danish disclosure requirement for interim reports for listed companies. The accounting practice used is unchanged compared to the annual report for 2021.

EVENTS AFTER 30 SEPTEMBER 2022

No events have occurred after the balance date that are of significance for the assessment of the profit for the period.

MANAGEMENT'S STATEMENT

We have on today's date discussed and approved the quarterly report for the period of 1 January – 30 September 2022 for Skjern Bank A/S.

The quarterly report was prepared in accordance with the Danish Financial Business Act, including the Executive Order on financial reports for credit institutions and investment companies etc. and additional Danish disclosure requirements for interim reports for listed financial institutions.

We consider the accounting policies chosen to be appropriate such that the accounts provide a true and fair view of the bank's assets and liabilities, financial position and profit.

We consider the management's review to contain a true and fair view of the development in the bank's activities and economic conditions and a description of the significant risks and uncertainty factors by which the bank may be affected.

The quarterly report has not been audited or reviewed, and there has been no recognition of the third quarter's earnings in core capital.

Skjern, 27 October 2022

Skjern Bank A/S
Per Munck
Director

BOARD OF SKJERN BANK A/S

Hans Ladekjær Jeppesen
Board chairman

Bjørn Jepsen
Board vice-chairman

Finn Erik Kristiansen

Niels Erik Kjærgaard

Ole Strandbygaard

Lars Skov Hansen

Carsten Jensen

Michael Tang Nielsen

PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME JANUARY 1ST - SEPTEMBER 30TH

1,000 DKK	2022	2021	1.1-31.12 2021
Interest receivable	164.955	146.173	195.584
Interest receivable deposits	26.528	19.440	28.611
Interest receivable	5.881	4.936	8.024
Interest payable central banks	8.389	7.530	10.596
Net income from interest	177.213	153.147	205.575
Dividend on shares and other holdings	1.326	2.479	2.657
Charges and commission receivable	160.330	131.460	178.044
Charges and commission payable	3.749	4.189	5.306
Net income from interest and charges	335.120	282.897	380.970
Value adjustments	-43.462	12.547	20.181
Other ordinary income	1.475	2.841	3.487
Staff costs and administrative expenses	169.528	154.737	207.517
Depreciation and write-downs on intangible and tangible assets	4.071	4.009	7.337
Other operating expenses	477	480	480
Write-downs	-2.765	-10.041	-15.227
Result before tax	121.822	149.100	204.531
Tax	25.836	32.802	41.230
Net-result for the financial year	95.986	116.298	163.301
Of which are holders of shares of hybrid core capital instruments etc.	3.867	3.867	5.289
STATEMENT OF COMPREHENSIVE INCOME			
Profit for the financial year	95.986	116.298	163.301
Other comprehensive income after tax	0	0	0
Total comprehensive income	95.986	116.298	163.301

BALANCE BY SEPTEMBER 30

1,000 DKK	2022	2021	1.1-31.12 2021
ASSETS			
Cash in hand and demand deposits with central banks	2.264.916	2.295.337	2.566.381
Receivables at credit institutions and central banks	76.045	64.281	74.300
Loans and other receivables at amortised cost	5.436.343	4.563.293	4.719.737
Bonds at fair value	802.179	977.274	941.900
Shares etc.	228.642	203.078	208.217
Shares associated with pool schemes	1.583.501	1.253.895	1.306.663
Land and buildings (total)	67.227	64.128	67.599
Investment properties	3.019	3.019	3.019
Owner-occupied properties	47.299	42.251	45.895
Owner-occupied properties, leasing	16.909	18.858	18.685
Other tangible assets	5.618	3.957	5.626
Current tax assets	15.644	0	3.640
Other assets	89.522	66.067	84.106
Prepayments	739	741	329
Total assets	10.570.376	9.492.051	9.978.498

1,000 DKK	2022	2021	1.1-31.12 2021
LIABILITIES			
DEBT			
Debt to credit institutions and central banks	20.416	346.703	0
Deposits and other debts	7.302.950	6.499.271	7.027.670
Deposits in pooled schemes	1.583.501	1.253.895	1.306.663
Current tax obligations	0	4.294	280.201
Other liabilities	238.015	68.468	280.201
Prepayments	862	1.269	1.832
Total debt	9.145.744	8.173.900	8.616.366
PROVISIONS			
Provisions for deferred tax	2.298	1.423	2.298
Provisions for loss on guarantees	14.514	18.452	14.423
Total provisions	16.812	19.875	16.721
SUBORDINATED DEBT			
Subordinated loan capital	98.710	98.209	98.334
Total subordinated debt	98.710	98.209	98.334
EQUITY			
Share capital	192.800	192.800	192.800
Revaluation reserves	417	417	417
Retained earnings	1.056.201	947.291	964.059
Dividend	0	0	28.920
Capital owners share of equity	1.249.418	1.140.508	1.186.196
Holders of hybrid capital	59.692	59.559	60.881
Total equity	1.309.110	1.200.067	1.247.077
Total liabilities	10.570.376	9.492.051	9.978.498

OFF-BALANCE-SHEET ITEMS BY SEPTEMBER 30

1,000 DKK	2022	2021	1.1-31.12 2021
CONTINGENT LIABILITIES			
Contingent liabilities			
Finance guarantees	441.367	608.635	602.385
Guarantees against losses on mortgage credit loans	863.945	910.233	955.781
Registration and conversion guarantees	944.134	1.061.219	998.185
Other contingent liabilities	123.645	132.429	134.329
Total	2.373.091	2.712.516	2.690.680
Other binding engagements			
Irrevocable credit-undertakings	600.023	641.131	799.908
Total	600.023	641.131	799.908

INFORMATION ON CHANGES IN EQUITY

SEPTEMBER 30

1,000 DKK	2022	2021	1.1-31.12 2021
Share capital beginning-of-year	192.800	192.800	192.800
Share capital end-of-year	192.800	192.800	192.800
Revaluation reserves beginning-of-year	417	417	417
Revaluation reserves end-of-year	417	417	417
Retained earnings beginning-of-year	992.979	854.094	834.815
Profit or loss for the financial year	92.119	112.431	129.092
Proposed dividends	-	-	28.920
Dividends paid	-28.920	-19.280	-
Dividends own shares	1	1	30
Purchase of own funds	22	45	122
Retained earnings end-of-year	1.056.201	947.291	992.979
Holders of hybrid capital beginning-of-year	60.881	60.748	60.748
Net profit or loss for the year (interest hybrid capital)	3.867	3.867	5.156
Paid interest	-5.056	-5.056	-5.023
Holders of hybrid capital end-of-year	59.692	59.559	60.881
Total equity	1.309.110	1.200.067	1.247.077

NOTES PER SEPTEMBER 30

1,000 DKK	2022	2021	1.1-31.12 2021
INTEREST INCOME			
Loans and other receivables	150.413	137.695	184.089
Bonds	3.962	3.227	4.252
Other derivative financial instruments, total	-249	5.251	7.216
of which			
Currency contracts	-249	5.295	7.286
Interest-rate contracts	0	-44	-70
Other interest income	10.829	0	27
Total	164.955	146.173	195.584
INTEREST EXPENSES			
Deposits	321	-694	330
Subordinated debt	4.814	4.832	6.632
Other interest expenses	746	798	1.062
Total	5.881	4.936	8.024
FEES AND COMMISSION INCOME			
Securities trading and custody accounts	22.581	16.329	23.762
Payment services	12.436	9.309	12.546
Loan fees	69.424	60.905	80.479
Guarantee commission	22.436	18.257	26.270
Other fees and commission	33.453	26.660	34.987
Total	160.330	131.460	178.044
VALUE ADJUSTMENTS			
Bonds	-42.127	-3.528	-3.165
Total shares	-8.351	12.870	17.513
Shares in sectorcompanies etc.	5.883	7.299	10.516
Other shares	-14.234	5.571	6.997
Foreign currency	6.566	4.606	6.454
Other financial instruments	450	-76	-621
Assets linked to pooled schemes	125.827	-82.470	85.013
Deposits in pooled schemes	-125.827	81.145	-85.013
Total	-43.462	12.547	20.181

1,000 DKK	2022	2021	1.1-31.12 2021
STAFF COSTS AND ADMINISTRATIVE EXPENSES			
SALARIES AND REMUNERATION OF MANAGEMENT BOARD ETC.			
Management board	1.063	1.014	1.336
Audit Committee	0	0	90
Committee of representatives	0	7	181
Total salaries and remuneration of board etc.	1.063	1.021	1.607
STAFF COSTS			
Wages and salaries	79.011	78.096	97.412
Pensions	9.023	7.849	10.678
Social security costs	1.349	1.230	1.557
Payroll tax	12.742	12.324	15.753
Total staff costs	102.125	99.499	125.400
OTHER ADMINISTRATIVE EXPENSES	66.340	54.217	80.510
Total staff costs and administrative expenses	169.528	154.737	207.517
EMPLOYEES			
Average number of employees converted into full-time employees	179	163	166
WRITE-DOWNS ON LOANS AND RECEIVABLES			
Write-downs and provisions during the year	95.804	127.116	132.591
Reversal of write-downs made in previous years	-93.156	-134.109	-144.766
Finally lost, not previously written down	336	3.776	5.847
Interest on the written-down portion of loans	-4.936	-5.703	-7.551
Recoveries of previously written off debt	-813	-1.121	-1.348
Total	-2.765	-10.041	-15.227

1,000 DKK	2022	2021	1.1-31.12 2021
DEVELOPMENT IN WRITE-DOWNS AND PROVISIONS RELATING TO FINANCIAL ASSETS AT AMORTIZED COST AND OTHER CREDIT RISKS, ASSETS INCLUDED IN IFRS9			
STAGE 1 IMPAIRMENT CHARGES			
Stage 1 impairment charges at the end of the previous financial year	12.598	21.271	21.271
Stage 1 impairment charges / value adjustment during the period	6.212	8.663	7.314
Stage 1 impairment reversed during the period	-7.501	-12.906	-15.987
Cummulative stage 1 impairment total	11.309	17.028	12.598
STAGE 2 IMPAIRMENT CHARGES			
Stage 2 impairment charges at the end of the previous financial year	100.028	109.773	109.773
Stage 2 impairment charges / value adjustment during the period	29.182	37.765	44.694
Stage 2 impairment reversed during the period	-40.457	-51.251	-54.439
Cummulative stage 2 impairment total	88.753	96.287	100.028
STAGE 3 IMPAIRMENT CHARGES			
Stage 3 impairment charges at the end of the previous financial year	168.565	217.886	217.886
Stage 3 and impairment charges / value adjustment during the period	57.210	68.557	72.139
Reversal of stage 3 impairment charges during the period	-42.089	-66.377	-70.850
Recognised as a loss, covered by stage 3 impairment charges	-2.684	-47.070	-50.610
Cummulative stage 3 impairment total	181.002	172.996	168.565
Total cumulative impairment charges IFRS9	281.064	286.311	281.191
GUARANTEES			
Provisions beginning of the year	14.423	10.472	10.472
Loss on guarantees	3.200	12.132	8.402
Reversal of provisions	-3.109	-3.576	-3.490
Provisions for losses	0	-575	-961
Guarantees end of year	14.514	18.453	14.423
Total cumulative impairment charges IFRS9 and guarantees	295.578	304.764	295.614

1,000 DKK

2022

2021

1.1-31.12

2021

The development can be explained by the following development in the distribution in stages of the maximum credit risk and development in the weighted average of the rating:

	Stage 1	Stage 2	Stage 3
Beginning			
Impairment	12.598	100.028	168.565
- in % of total impairment	4%	36%	60%
Maximum credit risk	10.638.886	1.213.375	365.591
- in % of maximum credit risk	87%	10%	3%
Rating, weighted average	2,6	6,8	10,0
End			
Impairment	11.309	88.754	181.002
- in % of total impairment	4%	32%	64%
Maximum credit risk	10.798.392	1.167.355	427.742
- in % of maximum credit risk	87%	9%	3%
Rating, weighted average	2,6	6,6	10,0

In light of rising inflation, rising interest rates, possible falling housing prices and their derivative effects, as well as uncertainty around the global supply lines and so on, an extra amount of DKK 60.0 million has been reserved as a management estimate, of which DKK 42.5 million in Stage 2 and DKK 17.5 million in Stage 3

LOANS ETC. WITH SUSPENDED CALCULATION OF INTEREST	47.516	53.850	45.653
SHARE CAPITAL			
Number of shares at 20 DKK each	9.640.800	9.640.800	9.640.000
Share capital	192.800	192.800	192.800
OWN CAPITAL SHARES			
Number of shares (pcs)	4.302	4.452	4.725
Nominal value hereof	86	89	95
Market value hereof	443	412	489
Own shares proportion of share capital (pct.)	0,05%	0,05%	0,05%

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